

MINUTES

**California Industrial Development
Financing Advisory Commission
915 Capitol Mall, Room 587
Sacramento, California
December 13, 2011**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Acting Chair, called the California Industrial Development Financing Advisory Commission (CIDFAC) meeting to order at 11:18 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Alan Gordon for John Chiang, State Controller
Pedro Reyes for Ana J. Matosantos, Department of Finance
Colleen Monahan, for Preston DuFauchard, California Corporations
Commissioner, Department of Corporations
Stanton Hazelroth for Traci Stevens, Acting Undersecretary,
Business, Transportation and Housing Agency

Staff Present: Eileen Marxen, Executive Director

Quorum: The Acting Chair declared a quorum

2. APPROVAL OF JULY 26, 2011 MEETING MINUTES

Ms. Redway asked if there were any questions or comments concerning the July 26, 2011 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Mr. Gordon moved approval of the minutes; upon a second, the minutes were unanimously approved.

3. EXECUTIVE DIRECTOR'S REPORT

Ms. Marxen began her report by advising the Commission that a conference line was open at the State Controller's Office in Los Angeles, California and asked if there were any participants on the line. There were none.

She continued with a report that CIDFAC had entered into an interagency agreement with the State Treasurer's Office (STO) in the amount of \$16,678 for administrative services and another contract of \$1,700 for rent.

She then reported that CIDFAC made a recommendation to the California Debt Limit Allocation Committee (CDLAC) that \$50 million from the 2012 allocation be set aside for Industrial Development Bonds. The \$50 million is the same amount that was allocated in 2011, and Ms. Marxen stated that, at this point in time, she is not aware of any reason to raise or lower the amount. She also stated that, at this point in time, it is difficult to predict what CIDFAC's deal flow will be in 2012.

Ms. Marxen continued her report with an update on activities of the Council for Development Finance Agencies (CDFA). She attended a CDFA board meeting in Washington, D.C. in early November 2011, and she noted that CDFA issued its "Built by Bonds" publication in conjunction with organizing visits for various members to their respective state Congressional delegations. She said that the "Built by Bonds" publication essentially shows the benefits of tax-exempt bonds, particularly private activity bonds. Ms. Marxen stated that CDFA leadership and some of its members feel that, in its efforts to accomplish tax reform, Congress may seek to limit or eliminate the tax exemption for municipal and/or private activity bonds. She said CIDFAC staff will continue to monitor those activities.

4. BUSINESS ITEMS

A. APPROVAL OF 2012 MEETING CALENDAR

Staff requested approval of the proposed 2012 meeting schedule presented to the Board for the California Industrial Development Finance Advisory Commission.

Ms. Redway asked if there were any further comments from the Board or the public. There were none.

Ms. Redway asked if there was a motion.

Mr. Reyes moved approval of the item; upon a second, the item was unanimously approved.

B. REQUEST TO APPROVE ISSUANCE OF TAX-EXEMPT BONDS AND TRANSFER INDUSTRIAL DEVELOPMENT BOND (IDB) ALLOCATION

1) Nevada Heat Treating, Inc. dba California Brazing

Presented by: Deanna Hamelin, Analyst

Staff introduced Richard Penrose, President of Nevada Heat Treating, and Walt Venemeyer of Progressive Capital.

Staff reported that Nevada Heat Treating, Inc. dba California Brazing was incorporated in Nevada on December 2, 2002, and that the company is a manufacturer of brazed components and assemblies for semiconductor manufacturing equipment for the defense, aerospace, and mining industries. Staff described the proposed IDB project as follows:

Agenda Item 2.

Staff reported that:

- The company has leased the 43,492 square foot building located at 37955 Central Court in Newark since 2004. The single story, concrete, tilt-up building was constructed in 2001. The company believes that ownership of the facility will allow it to make the necessary modifications for the expansion of its manufacturing operations in the face of growing demand for its products. The seller of the property, Central Court Investors, is not affiliated with the company. Escrow on the 4.5 acre property is anticipated to close on December 20, 2011. Bond proceeds will be used to purchase the land and existing building, and to acquire and install two brazing machines, a Matsura 27 Pallet Machining Center and an Ipsen Vacuum Furnace.
- With the completion of escrow anticipated on or about December 20, 2011, the company expects to commence renovations by the middle of December and complete the construction by June 2012. The equipment will be purchased and installed as renovations proceed.
- The tax-exempt IDBs will be sold in a public offering. The bonds will be variable rate interest bonds with a weekly reset, and they will be secured by an irrevocable Letter of Credit issued by Wells Fargo Bank.

Staff recommended approval of Initial and Final Resolution No. 11-0005 for \$5 million in tax-exempt bonds, and Allocation Resolution No. 11-001-003 for \$5 million of tax-exempt IDB allocation for the ACIDA for Nevada Heat Treating, Inc. dba California Brazing Project. Staff stated that its recommendation is subject to staff analysis and approval of final bond documents and receipt of bond counsel's opinion as set forth in Initial and Final Resolution No. 11-0005.

Ms. Redway asked if there were any questions or comments from the Commission or the public. There were none.

Ms. Redway asked if there was a motion.

Mr. Hazelroth moved approval of the item; upon a second, the item was unanimously approved.

5. PUBLIC COMMENT

Ms. Redway asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:24 a.m.

Respectfully submitted,

Eileen Marxen
Executive Director